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Elder Group, L.L.C., and American Elder Group, Inc.

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AZ CORP COMMISSION
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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

JOHN EDWARD TENCZA and CHRISTINE
M. TENCZA, husband and wife
2741 West Piazza Drive
Meridian, Idaho 83642

AMERICAN ELDER GROUP, L.L.C., an
Arizona limited liability company,

AMERICAN ELDER GROUP, INC., a
Nevada corporation,

Respondents.

Docket No.: S-20483A-06-0661

**SEPARATE RESPONSE OF
RESPONDENTS TENCZA,
AMERICAN ELDER GROUP, LLC
AND AMERICAN ELDER GROUP,
INC.**

In response to the "Notice Of Opportunity For Hearing Regarding Proposed Order To Cease And Desist, For Restitution, For Administrative Penalties, And For Other Affirmative Action" filed herein (the "Complaint"), Respondents JOHN EDWARD TENCZA and CHRISTINE M. TENCZA, AMERICAN ELDER GROUP, L.L.C. and AMERICAN ELDER GROUP, INC., admit, deny and allege as follows:

1. Answering Respondents deny all allegations not specifically admitted herein.
2. Deny the two preliminary paragraphs of the Complaint.

1 3. Admit paragraphs 1, 2 and 3.

2 4. In response to paragraph 4, admit that John and Christine Tenzca were husband
3 and wife and deny that their marital community may be liable for the claims and charges
4 contained in the Complaint.

5 5. Admit paragraphs 5 and 6.

6 6. Paragraph 7 requires no response. For purposes of this response, answering
7 Respondents will likewise, refer to AEG, L.L.C. and AEG, INC. collectively as "AEG."

8 7. Paragraphs 8-12 of the Complaint do not pertain to answering Respondents and
9 they therefore do not respond thereto.

10 8. Admit paragraphs 13 and 14.

11 9. Due to lack of information and belief, deny the allegations in paragraph 15 as to
12 who approached whom, and admit the remaining allegations thereof.

13 10. Deny the *quid quo pro* allegations of paragraph 16 and admit that Groh
14 authorized Tencza to visit Groh's clients and review their documents and to offer
15 additional products to them.

16 11. In response to paragraph 17, admit that Tencza traveled to the homes of some of
17 Groh's clients to review, update, correct and provide requested information regarding the
18 clients' policies and instruments that Groh had previously provided or assisted them with.

19 12. Admit paragraph 18.

20 13. Admit paragraphs 19-21, but believe that the date alleged therein should be June
21 2001 rather than May 2001.

22 14. Admit paragraphs 22 and 23.

- 1 15. Due to lack of information and belief, deny the allegations of paragraph 24.
- 2 16. Deny that Tencza informed investors that only those wanting to get out of
- 3 annuities could purchase the Universal lease, and admit the remaining allegations of
- 4 paragraph 25.
- 5
- 6 17. Due to lack of information and belief, deny the allegations of paragraphs 26-34.
- 7 18. Admit paragraph 35.
- 8 19. Due to lack of information and belief, deny the allegations of paragraphs 36-40.
- 9 20. Deny paragraph 41.
- 10 21. Deny the allegations of paragraph 42 because Groh monitored and supervised
- 11 the activities of the "paralegals."
- 12
- 13 22. Due to lack of information and belief, deny the allegations of paragraphs 43 and
- 14 44.
- 15 23. Deny paragraph 45.
- 16 24. Due to lack of information and belief, deny the allegations of paragraphs 46 and
- 17 47.
- 18 25. Admit paragraph 48.
- 19 26. Due to lack of information and belief, deny the allegations of paragraphs 49-52.
- 20 27. Deny paragraph 53.
- 21 28. Admit paragraphs 54-57.
- 22 29. Due to lack of information and belief, deny the allegations of paragraphs 58-62.
- 23 30. Admit paragraph 63.
- 24 31. Due to lack of information and belief, deny the allegations of paragraph 64.
- 25

- 1 32. Admit paragraph 65.
- 2 33. Due to lack of information and belief, deny the allegations of paragraph 66.
- 3 34. Admit paragraph 67.
- 4 35. Due to lack of information and belief, deny the allegations of paragraphs 68 and
- 5 69.
- 6
- 7 36. Admit paragraphs 70-77.
- 8 37. Due to lack of information and belief, deny the allegations of paragraph 78.
- 9 38. Admit paragraph 79.
- 10 39. Deny paragraphs 80 and 81.
- 11
- 12 40. Due to lack of information and belief, deny the allegations of paragraphs 82-89.
- 13 41. Deny paragraph 90.
- 14 42. Admit paragraphs 91 and 92.
- 15 43. Due to lack of information and belief, deny the allegations of paragraph 93.
- 16 44. Deny paragraph 94.
- 17 45. Admit the first sentence of paragraph 95 and deny the remaining allegations
- 18 thereof.
- 19
- 20 46. Deny the first sentence of paragraph 96 and admit the remaining allegations
- 21 thereof.
- 22 47. Admit paragraphs 97 and 98.
- 23 48. Deny paragraph 99.
- 24 49. Deny the allegations of paragraphs 100 and 101 that are inconsistent with
- 25 contents of the materials referred to therein and due to lack of information and belief

1 deny that the characterization that the features were added incentive for investors to
2 exchange their existing investment portfolios for the Universal lease program.

3 50. Admit paragraph 102.

4 51. Due to lack of information and belief, deny paragraphs 103-105.

5 52. In response to paragraph 106, admit that Respondents represented that the
6 properties were insured and deny that Respondents represented that the owners of the
7 properties were insured.
8

9 53. Deny paragraph 107.

10 54. Due to lack of information and belief, deny the allegations of paragraphs 108-
11 110.
12

13 55. Deny paragraph 111.

14 56. Due to lack of information and belief, deny the allegations of paragraph 112.

15 57. Deny paragraph 113.

16 58. Due to lack of information and belief, deny that AEG sold "hundreds" of
17 Universal leases and admit the remaining allegations of paragraph 114.
18

19 59. Admit paragraph 115.

20 60. Due to lack of information and belief, deny the allegations of paragraphs 116-
21 118.

22 61. In answer to paragraph 119, admit that there were ongoing investigations of
23 Yucatan and its related entities that were known to answering Respondents, including
24 investigations by the state of Arizona, and allege in the affirmative that to answering
25 Respondents' knowledge none of the investigations found the product Respondents were

1 selling to be securities or that any of the representations being made by Respondents were
2 false, and deny the remaining allegations of paragraph 119.

3 62. In response to paragraph 120, Respondents deny that they were knowledgeable
4 of each of the investigations referred to therein, and allege in the affirmative that as to
5 those investigations they were aware of, they inquired into and determined that the
6 products Respondents were selling were not securities and their sales methods were not
7 fraudulent.
8

9 63. Admit paragraph 121.

10 64. Deny paragraph 122.

11 65. In answer to paragraph 123, admit that Tencza owned and managed AEG and
12 deny the remaining allegations thereof.
13

14 66. Deny paragraph 124.

15 67. Deny that the Universal lease was a security and admit the remaining allegations
16 of paragraph 125.

17 68. Deny paragraphs 126-128.

18 69. In answer to paragraph 129, admit that Tencza owned and managed AEG and
19 deny the remaining allegations thereof.
20

21 70. Due to lack of information and belief, deny the allegations of paragraphs 130
22 and 131.

23 71. Deny paragraphs 131-133.

24 72. By way of affirmative defenses to the Division's allegations and relief
25 requested, Respondents submit the following:

- 1 a. Respondents are not in violation of statutes at issue and have defrauded no
2 one;
3
4 b. Orders entered by the Division against the entities selling the Universal
5 lease will, in time, make whole those alleged in the Complaint to be
6 investors;
7
8 c. Restitution is inappropriate in that the investors received the benefit of their
9 bargains with respect the products sold through Respondents;
10
11 d. The Division was negligent or contributed to the losses, if any, of investors
12 when it failed to secure orders against entities selling the Universal lease
13 that covered all investors who purchased Universal leases from
14 Respondents;
15
16 e. The Division's action is pre-mature; and
17
18 f. The Complaint fails to state a claim for relief;

19 73. Respondents reserve the right to amend this response to set forth additional
20 defenses found to be applicable during the course of proceedings.

21 **WHEREFORE**, having answered the Division's Complaint, Respondents pray
22 that the same be dismissed against them, and that Respondents recover their costs and
23 fees incurred herein as well as such other relief as may be appropriate in the premises.

24 **DATED** this 22nd day of January, 2007.

25 **THE HENDRICKSON LAW FIRM, PLLC**

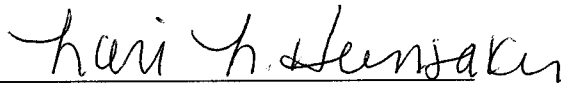


Brian W. Hendrickson

Troy R. Hendrickson, attorneys for Respondents

1 **ORIGINAL** filed with the Arizona Corporation Commission
2 and **COPY** of the foregoing was faxed and mailed
3 this 22 day of January, 2007 to:

4 William W. Black
5 Arizona Corporation Commission
6 1300 W. Washington, Third Floor
7 Phoenix, Arizona 85007
8 (602) 594-7470

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